

**Children's Treatment Centre
of Chatham-Kent**

Financial Statements

For the year ended March 31, 2010

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Tel: 519 352 4130
Fax: 519 352 2744
www.bdo.ca

BDO Canada LLP
155 Thames Street
PO Box 1195
Chatham ON N7M 5L8 Canada

Auditors' Report

To the Directors of
Children's Treatment Centre of Chatham-Kent :

We have audited the statement of financial position of Children's Treatment Centre of Chatham-Kent at March 31, 2010 and the statements of operations, statement of changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Centre's management. Our responsibility is to express an opinion on these financial statements.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Centre derives revenue from donations, other fund raising activities and programs the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Centre and we were not able to determine whether any adjustments might be necessary to donation, other program revenue, net excess of revenue over expense, assets and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenue as described in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Centre as at March 31, 2010 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The comparative figures were audited by Demers Hutson LLP whose practice now operates under BDO Canada LLP.

BDO Canada LLP

Chartered Accountants, Licensed Public Accountants

Chatham, Ontario
May 17, 2010

**Children's Treatment Centre of Chatham-Kent
Statement of Operations**

Year Ended March 31, 2010

	Core Program	Respite Program	Early Words Program	Best Start Integrated Funding	Capital	Total
Revenue						
Ministry Interest	\$ 2,012,622	\$ 57,599	\$ 296,109	\$ 383,628	\$ 0	\$ 2,749,958
Bingos	0	0	0	0	36,856	36,856
Donations	5,824	0	0	0	0	5,824
Other programs	0	0	0	0	102,674	102,674
	<u>135,779</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>119,729</u>	<u>255,508</u>
	2,154,225	57,599	296,109	383,628	259,259	3,150,820
Expenses						
Salaries and benefits	1,793,303	57,455	256,130	350,799	0	2,457,687
Operations	101,714	144	39,979	32,829	0	174,666
Other programs	<u>259,208</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>138,859</u>	<u>398,067</u>
	2,154,225	57,599	296,109	383,628	138,859	3,030,420
Revenue over Expense before Other Expense	0	0	0	0	120,400	120,400
Other Expense						
Amortization	0	0	0	0	(107,996)	(107,996)
Net Expense Over Revenue	0	0	0	0	12,404	12,404
Equity at Beginning of Year	0	0	0	0	1,842,402	1,842,402
Equity at End of Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,854,806	\$ 1,854,806

The accompanying notes are an integral part of these financial statements.

Children's Treatment Centre of Chatham-Kent Statement of Operations

Year Ended March 31, 2009

	Core Program	Respite Program	Early Words Program	Best Start Integrated Program	Capital	Total
Revenue						
Ministry Interest	\$ 1,994,223	\$ 56,421	\$ 296,109	\$ 295,047	\$ 0	\$ 2,641,800
Bingos	0	0	0	0	65,984	65,984
Donations	6,903	0	0	0	0	6,903
Other programs	0	0	0	0	62,117	62,117
	<u>108,083</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>129,295</u>	<u>237,378</u>
	2,109,209	56,421	296,109	295,047	257,396	3,014,182
Expenses						
Salaries and benefits	1,723,493	55,543	254,496	264,979	0	2,298,511
Operations	129,703	878	41,613	30,068	0	202,262
Other programs	<u>256,013</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>146,836</u>	<u>402,849</u>
	2,109,209	56,421	296,109	295,047	146,836	2,903,622
Revenue over Expense before Other Expense	0	0	0	0	110,560	110,560
Other Expense						
Amortization	0	0	0	0	(114,952)	(114,952)
Transfer to Children's Treatment Centre Foundation of Chatham-Kent	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(199,851)</u>	<u>(199,851)</u>
	0	0	0	0	(314,803)	(314,803)
Net Expense over Revenue	0	0	0	0	(204,243)	(204,243)
Equity at Beginning of Year	0	0	0	0	2,046,645	2,046,645
Equity at End of Year	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,842,402	\$ 1,842,402

The accompanying notes are an integral part of these financial statements.

Children's Treatment Centre of Chatham-Kent Statement of Financial Position

At March 31,	2010	2009
Assets		
Operating Funds		
Current		
Cash	\$ 97,801	\$ 284,991
Accounts receivable	81,014	75,807
Due from the Children's Treatment Centre Foundation of Chatham-Kent	28,932	40,677
Prepaid expenses	40,298	31,289
Long-term		
Investments - Unrestricted	<u>553,349</u>	<u>529,006</u>
	801,394	961,770
Capital Funds		
Current		
Invested funds		
Cash and Investments - Unrestricted	618,987	524,739
Long-term		
Investments - Unrestricted	89,593	177,367
Property, building & equipment (note 3)	<u>1,146,226</u>	<u>1,140,296</u>
	1,854,806	1,842,402
Total Assets	\$ 2,656,200	\$ 2,804,172

Liabilities and Net Assets

Liabilities

Operating Funds

Accounts payable and accrued liabilities (notes 1(c) and (d))	\$ 363,616	\$ 397,864
Deferred revenue (note 4)	<u>437,778</u>	<u>563,906</u>
	801,394	961,770


Net Assets

Invested in capital assets	1,146,226	1,140,296
Unrestricted net assets	<u>708,580</u>	<u>702,106</u>
	1,854,806	1,842,402

	<u>\$ 2,656,200</u>	<u>\$ 2,804,172</u>
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Approved on behalf of the Board:

 Director

 Director

The accompanying notes are an integral part of these financial statements.

Children's Treatment Centre of Chatham-Kent Statement of Changes in Net Assets

Years Ended March 31,	2010	2009
Change in Net Assets - Capital Fund		
Balance at beginning of year	\$ 1,842,402	\$ 2,046,645
Capitalization of property, building & equipment - net	113,925	45,020
Amortization	(107,996)	(114,952)
Transactions for the year	83,544	(155,275)
Interest earned during the year	36,856	65,984
Allocation to operations - net	(113,925)	(45,020)
	<u> </u>	<u> </u>
Balance at end of year	<u><u>\$ 1,854,806</u></u>	<u><u>\$ 1,842,402</u></u>

The accompanying notes are an integral part of these financial statements.

Children's Treatment Centre of Chatham-Kent Statement of Cash Flows

Years Ended March 31,	2010	2009
Cash derived from (applied to)		
Operations		
Excess of revenue over expenses (expenses over revenue)	\$ 12,404	\$ (204,243)
Amortization which does not involve cash	<u>107,996</u>	<u>114,952</u>
	120,400	(89,291)
Decrease (increase) in accounts receivable	6,538	(68,259)
Decrease (increase) in prepaid expenses	(9,009)	14,386
(Decrease) increase in accounts payable and accrued liabilities	(34,248)	68,769
(Decrease) increase in deferred revenue	<u>(126,128)</u>	<u>99,112</u>
	(162,847)	114,008
Net increase (decrease) in cash from operations	<u>(42,447)</u>	<u>24,717</u>
Investments		
Purchase of property, building & equipment	(113,926)	(45,021)
Change in Cash Position	<u>(156,373)</u>	<u>(20,304)</u>
Cash position at beginning of year	<u>1,516,103</u>	<u>1,536,407</u>
Cash position at end of year	<u>\$ 1,359,730</u>	<u>\$ 1,516,103</u>
Cash Position		
Cash - Operating fund	\$ 97,801	\$ 284,991
Long-term Investments - unrestricted - Operating fund	553,349	529,006
Cash and Short-term Investments - unrestricted - Capital fund	618,987	524,739
Long-term Investments - unrestricted - Capital fund	<u>89,593</u>	<u>177,367</u>
	<u>\$ 1,359,730</u>	<u>\$ 1,516,103</u>

The accompanying notes are an integral part of these financial statements.

Children's Treatment Centre of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2010

1. Purpose of the Organization

Children's Treatment Centre of Chatham-Kent is incorporated without share capital under the Corporations Act of Ontario and its principal activities include audiology and children's rehabilitation.

2. Significant Accounting Policies

(a) Fund Accounting

Consistent with many non-profit organizations, the Centre's transactions are reported on a fund accounting basis. The operating fund reflects the activities associated with day-to-day operations. The capital fund reflects the activities associated with short and long-term capital requirements.

(b) Property, building & equipment

Property, building & equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives as follows:

Building	- 40 years
Equipment	- 5 - 10 years
Parking lot	- 12.5 years

Amortization expense is reported in the capital fund.

(c) Ministry of Children and Youth Services

The majority of the funding for the Centre is by the Province of Ontario in accordance with budget arrangements established by the Ministry of Children and Youth Services. These financial statements reflect agreed funding arrangements approved by the Ministry with respect to the year ended March 31, 2010

A surplus of \$2,682 for the Partner Facility Renewal Program has been set up in accrued liabilities.

(continued)

Children's Treatment Centre of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2010

1. Significant Accounting Policies (continued)

(d) Municipality of Chatham-Kent

The Centre received funding for the Best Start Integrated Funding. There was a surplus of \$8,438 from the Best Start transportation program that has been set up in accrued liabilities.

(e) Revenue Recognition

Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue of the appropriate fund when received.

Investment income is recognized as revenue when earned.

(f) Financial Instruments

The Centre recognizes and measures financial assets and financial liabilities on the statement of financial position when they become a party to the contractual provisions of a financial instrument. All financial instruments are measured at fair value on initial recognition. Measurement in subsequent periods depends on whether the financial instrument has been classified as held-for-trading, available-for-sale, loans and receivables, or other financial liabilities.

The financial instruments of the centre have been classified as either held for trading (cash), held to maturity (investments), loans and receivables (accounts receivable), or other financial liabilities (accounts payable).

The Centre utilizes various financial instruments. Unless otherwise noted, it is the directors opinion that the Centre is not exposed to significant interest, currency or credit risks arising from its financial instruments and the carrying amounts approximate fair values due to the short term nature of the items.

(g) Contributed Services

Volunteers contributed material, related services and a significant number of hours during the year to assist the Centre in carrying out its activities. Due to the difficulty in determining this fair value, contributed services are not recognized in the financial statements.

(h) Income taxes

Since the Centre is a non-profit organization, no provision for income taxes has been included.

(continued)

Children's Treatment Centre of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2010

1. Significant Accounting Policies (continued)

(i) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

(j) Future Reporting for Not-for-Profit Organizations (NPO)

In October 2009, the Accounting Standards Board (AcSB) tentatively decided that it will propose a choice between the accounting standards for private enterprises plus the current NPO standards appropriately modified to fit with those standards, International Financial Reporting Standards or Public Sector Accounting standards (PSAB) with NPO standards added on to PSAB. The Public Sector Accounting Board agreed that there was sufficient support to develop an NPO series to add onto the PSAB standards similar to the current NPO standards, but appropriately modified to fit with PSAB. An exposure draft has been issued on these standards, however, until the Boards make a final decision all NPOs will continue to follow the current Canadian Institute of Chartered Accountants Handbook - Accounting.

3. Property, Building & Equipment Summary

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2010 Net Book Value</u>	<u>2009 Net Book Value</u>
Building	\$ 2,342,850	\$ 1,466,195	\$ 876,655	\$ 931,237
Equipment	1,097,049	863,793	233,256	195,425
Parking lot	<u>75,358</u>	<u>39,043</u>	<u>36,315</u>	<u>13,634</u>
	<u>\$ 3,515,257</u>	<u>\$ 2,369,031</u>	<u>\$ 1,146,226</u>	<u>\$ 1,140,296</u>

Children's Treatment Centre of Chatham-Kent

Notes to Financial Statements

Year Ended March 31, 2010

4. Deferred Revenue

Deferred revenue consists of funds received from organizations and individuals to be used exclusively for specialized assessment and treatment services of specific Centre clients as well as special funding for the Best Start Integrated Funding and other specific grants.

	<u>2010</u>	<u>2009</u>
Special Assessments		
Balance at beginning of the year	\$ 3,738	\$ 4,400
Less amount reported as revenue for the year	(713)	(2,643)
Add funds received for specific Centre clients	<u>2,352</u>	<u>1,981</u>
	5,377	3,738
Other		
One time funding from Best Start Integrated Funding	363,372	407,418
Annualized funding - Best Start Integrated Funding	1,983	56,250
Reserve for FM system repairs	8,603	10,000
Other target specific grants	<u>58,443</u>	<u>86,500</u>
	432,401	560,168
	<hr/>	<hr/>
Balance at end of the year	\$ 437,778	\$ 563,906
	<hr/> <hr/>	<hr/> <hr/>

The funds from the Best Start Integrated Funding must be spent as follows; \$365,355 by December 31, 2011.

The other target specific grants have varying dates of completion.

5. Comparative Figures

The prior years financial statements have been restated to conform to the current years presentation.

Children's Treatment Centre of Chatham-Kent Notes to Financial Statements

Year Ended March 31, 2010

6. Capital Disclosure

The Centre's objectives when managing capital is to safeguard the entity's ability to continue as a going concern, so that it can continue to provide benefits to the community.

The Centre sets the amount of capital in proportion to risk. They manage the capital structure and make adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets.
